



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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June 11, 2004

**TO:** Mary Selecky, Secretary  
Department of Health

**FROM:** Marty Brown, Director *MB*

**SUBJECT: ADDITIONAL INSTRUCTIONS FOR AGENCY BUDGET SUBMITTALS**

The Priorities of Government (POG) Results Teams recently completed work on the high-level purchase strategies that they believe will best achieve statewide results. As part of this effort, Teams also made suggestions about specific analyses and initiatives that will help them in the fall when they reconvene to produce detailed purchase plans for implementation of proposed strategies. Because Results Teams will be reviewing agency budget requests for activities that can be included in these purchase plans, we are communicating their ideas to you as you prepare your budgets.

Although the state is not facing quite the same fiscal challenges that generated the initial Priorities of Government process in 2002, initial estimates for 2005-07 indicate a \$700 million shortfall between forecasted state General Fund (GFS) revenues and the cost of continuing current GFS-funded services. The POG budget approach helps us focus on core services that contribute the most toward statewide results. This, in turn, provides a framework for OFM decisions and budget recommendations to the Governor.

**High-Level Strategies will Guide Budget Decisions**

We strongly urge your consideration of the information contained in this memo as you develop your agency budget proposal.

1. You will find enclosed a list of the high-level indicators of success and the purchase strategies recommended for each statewide result. This information is the investment criteria that Results Teams will use to create their purchase recommendations. Review the indicators and strategies for all 11 results and focus on areas that you believe can be influenced with activities in your agency. For example, if your budget includes activities that affect indicators in Result #4 (Improve Health) because they contribute to the statewide strategy of "mitigating environmental hazards," then your budget should help make that connection for the Results Team.

A summary is provided in this memo, but we encourage you to read the full reports of the Teams, particularly those prepared for Tollgate #2, to understand the context in which these recommendations were made. The reports are available at <http://www.ofm.wa.gov/budget/pog/teamreports.htm>.

2. For some agencies, there are recommended initiatives or research projects listed at the end of this memo. This means one or more Results Teams indicated interest in these ideas and are asking for additional information before they complete their purchase plan recommendation in the fall.
3. The Teams also suggested criteria that agencies could use to assess the activities they propose for funding. As you determine your budget request, we recommend you address these questions in your deliberations:
  - Are there options for earlier, preventative interventions as alternatives to more expensive services later?
  - Are those options evidence-based or supported by research as to their effectiveness toward the intended result?
  - Are we paying the right price for the services delivered?
  - Are activities properly coordinated for maximum effect?
  - Do activities have explicit outcomes and measures of performance?
  - Are there opportunities for outcome-based contracts?

### **Additional Information Requested for the Budget Submittal**

OFM has selected a number of the recommendations mentioned in the team reports to be completed as part of the budget development process. We ask that your agency submit the following information, either as part of your budget request, as an addendum to your budget submittal, or as a separate submittal on the date indicated.

1. Prepare legislative proposals to allow for more population-based interventions, focusing specifically on those interventions that will decrease injury and disease and result in decreased health care costs. Examine the use of population-based, cost-effective injury prevention strategies. What would be the benefit/cost or a potential area of intervention to prevent injuries?
2. Submit options for incorporating hospital emergency department and outpatient services into the CHARS system to help fill data gaps and enhance the state's assessment and monitoring of the capacity and quality of our health systems.
3. The Department of Health, in coordination with the Office of Financial Management, Department of Social and Health Services and the Health Care Authority, should propose options to develop, coordinate and centralize health planning and information across state health activities to eliminate duplication of effort and leverage resources and information. One possibility would be an expanded coordination role for a sub cabinet-type entity, with dedicated professional staff resources.
4. The Department of Health is directed to look at public health services in terms of effective and efficient delivery of service, adequacy of services across jurisdictions and accountability. Pay particular attention to areas where there is potential for serious health effects, including emergence of new infectious diseases, many of which are zoonotic in origin. Also look at the local variation in basic public health protection that results from the way that the system is structured and funded.
5. The Department of Agriculture, in coordination with the Department of Health and the Department of Fish and Wildlife, should submit strategic options that could be applied to address emerging diseases, such as zoonotic (animal-borne) diseases.

6. The Department of Social and Health Services, Department of Health, and the Health Care Authority should develop a comprehensive plan to address overweight/obesity. Include opportunities to target state-covered populations (state employees, Basic Health enrollees, Medicaid clients). Also consult with the Department of Community, Trade and Economic Development, General Administration, and the Department of Agriculture to assess opportunities for better coordination across existing food subsidy and nutrition programs to ensure that low-income recipients have better access to healthful food.
7. The Department of Health, in consultation with the Health Care Authority and the Department of Social and Health Services, should provide an analysis on how the state addresses health disparities--in access, environmental health, and healthy behaviors.
8. The Puget Sound Action Team, in consultation with the Department of Ecology, Department of Health and Department of Community, Trade and Economic Development, shall develop a budget and legislative proposals for reducing water quality impacts from septic systems, in particular the regulation and management of on-site and off-site septic systems, expanding nitrogen to the regulatory scheme, funding to assist local governments and ways to improve public education related to the impact of these systems.
9. The Department of Community, Trade and Economic Development should submit a proposal to reduce the cost of making grants and loans for local infrastructure. Develop a proposal to reduce the cost of making grants and loans for local infrastructure. Consider using a "foundation" type of structure where requests for infrastructure funding from the state would come through a single process. The Department should work with the Department of Ecology, the Department of Transportation, The Interagency Committee on Outdoor Recreation, the Conservation Commission and the Department of Health.
10. Design an initiative for supporting innovation in energy, environmental, and/or health care that create jobs while contributing to other important POG outcomes. The Department of Community, Trade and Economic Development should take the lead in this effort, in coordination with the research universities, the Utilities and Transportation Commission, the Department of Health and the Department of Ecology.

If you have questions about any of these recommendations, please consult your assigned OFM Budget Analyst, who will then coordinate assistance with the appropriate Results Team.

Finally, I want to thank all of you for your energy and dedication as we head into another round of POG. Your efforts are critical to its success, and I know from experience that I can count on you.

Attachment

cc: Agency Budget Director